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Sustainability of the AGILITOS

Guatemala-CAP Income Generation Activities Project (AGIL)

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AGILITO Sustainability

Background

AGIL is focusing increased attention on the sustainability of investments in income generating activities through grants to indigenous non-governmental organizations (known as the AGILITOS). In the process, several issues have arisen that bring into question what exactly are the AGIL team's responsibilities concerning the sustainability of these activities and of the organizations that requested assistance for their implementation. These questions have primarily arisen concerning grants to non-financial technical assistance providers. The sustainability of financial services and the organizations that provide them are more intrinsically linked.

Support for the AGILITOS is provided under the AGIL contract's Expected Result B.2. "Improved capability of 8 to 10 financial and technical service providers," which is implemented through provision of funds for competitive grants. The grants program is directed at encouraging service providers to: 1) locate offices in the selected geographic areas; or 2) expand operations of their existing offices in those locations. The activity is designed to assist "local NGO, cooperative, or other indigenous community organizations that can provide sustainable financial and non-financial services in the selected areas." Section V.D of the contract work statement (which describes the standards to be met for the grants activity) notes: "Further, the activities should demonstrate a high potential for sustainability..."

Shortly after the AGIL program began, Abt Associates submitted a document titled "Small Grants Program Description and Administration" to USAID, which approved it on June 15, 2000. Among the evaluation criteria adopted for award of small grants to non-financial service providers is a category titled "Efficiency and sustainability." This category includes two relevant criteria: "Proposed plan is realistic and demonstrates that the organization moves toward self-sufficiency"; and "Organization has a strategy to consolidate and continue activities when grant is completed." The selection criteria concerning institutional capacity, however, do not specifically highlight organizational sustainability, nor do the pre-award review requirements.

Clearly, the program documents place emphasis on the sustainability of the non-financial services established through the small grants program. The documents also note the importance of assisting the organizations to "move toward self-sufficiency," but this can be seen as secondary to the sustainability of the specific services being supported through the grants.

Experience to date

A review of the sub-grant award process indicates that the sustainability of the non-financial services to be supported was in fact taken into consideration and was a major factor in grant approval. However, sustainability was only one of several important factors in deciding which grants would be approved, and some sustainability plans were more developed than others. For example, the ASOCUCH proposal to provide non-financial technical services in the isolated, extremely poor municipality of San Mateo Ixtatan was approved because it offered a unique potential to impact local incomes, even though the sustainability of the services could not be reliably defined at the start of the activity.

The mechanisms to achieve cost recovery and sustainability contemplated in the proposals included: a) fee per unit of produce marketed (ACODIHUE, Centro Maya, CIF, IEPADES), b) credit margins (ACODIHUE, CIF, IEPADES), c) fees for training programs (IEPADES), and d) an explicit technical services commission (FUDEMI – this commission is directly applied to loans to producers, but is different from the credit margins cited earlier in that it is explicitly associated with technical services). However, the experience to date with the implementation of these mechanisms indicates that the sustainability plans have been overly optimistic. The following are the principal issues concerning sustainability of non-financial services that have arisen during implementation of the AGIL project:

- The indigenous NGOs have a history of providing free, donor-subsidized services, and the task involved in getting farmers to agree to pay for these services, and to get the NGO field staff committed to require payment, has been more difficult than anticipated.
- AGIL has had to focus on promotion of new crops that have market demand, and provide direct technical assistance to producers in the production technologies for these crops, before the organizations could assume a role in product marketing and use this as a cost-recovery vehicle.
- In some instances the quality of the services provided by the sponsoring NGOs has been poor.
- The coffee crisis seriously undermined credit and marketing activities upon which cost recovery and sustainability projections of at least one organization were based.
- Two organizations inappropriately modified their cost recovery plans, directly purchasing produce for subsequent sale rather than charging a marketing fee.

As has been noted elsewhere, the AGIL project assumed the existence of a level of development of the indigenous NGOS in Guatemala that did not in fact exist, as is reflected in the issues noted above. In addition, the short time horizon of the AGIL project and of the sub-grants has limited the program's ability to provide needed investments in the organizational development of the grantees. Similarly, in some instances the volume of activities has simply not grown fast enough in the short period in which assistance has been provided to allow full cost recovery.

As will be discussed below, in some cases a distinction must be made as to whether the focus should only be on the sustainability of the non-financial services provided, or if the focus should also include the sustainability of the NGO offering these services. In some cases, mechanisms might be identified that would allow continued provision of the services even if the sponsoring organization ceases to provide them, while in other cases the two issues are closely linked.

Finally, the recent review of the AGILITOS encountered that although the accounting systems meet USAID accountability requirements, they lack the sophistication required to analyze the cost of the services provided. This makes it difficult to analyze whether the services are being provided in a cost effective manner, and to calculate the price that should be charged in order to fully cover costs. Such information can be developed for a specific point in time, but it is not readily available for management decision making.

Status of each AGILITO and future needs

The following summarizes the issues that have been identified during the review of non-financial services sustainability in each AGILITO, and the implications for the assistance to be provided by the AGIL team during the remaining period of its contract:

1. ACODIHUE

Summary grant description

ACODIHUE is a second level organization serving 14 member associations located in Huehuetenango. It received donations in both the first and second rounds of competition, and has also been given a grant during the AGIL extension. The grant has been used to expand and consolidate technical and financial services in the Municipality of Barillas. It is implemented through the creation of the Unidad Especializada en la Prestación de Servicios de Asistencia Técnica (UEPSAT), an ACODIHUE field office located in Barillas. UEPSAT works in direct collaboration with the ACODIHUE member association ADICBA, which is based in Barillas. The initial grant focused on Barillas, while the second grant replicated the assistance model in order to extend services to Ixcán. Under the extension, the services to communities both in Barillas and Ixcán have been consolidated in the Barillas UEPSAT office. The role contemplated for UEPSAT in the proposal was to organize community groups; prepare them to receive credit; provide technical assistance in production of coffee, cardamom, beekeeping, and livestock; and assist them to market their produce through ACODIHUE.

Sustainability strategy

As a field office, the sustainability of UEPSAT depends on the generation of additional income for ACODIHUE that is sufficient to cover its costs. The original proposal anticipated two sources of income. First, ACODIHUE earns a credit margin of 6% on loans made from the trust fund created for it by the European Union (EU). By organizing additional communities and preparing them to receive loans, UEPSAT will increase the volume of lending and will therefore increase ACODIHUE's income and recover some of its costs. Secondly, ACODIHUE planned to arrange marketing contracts for the coffee and cardamom resulting from UEPSAT assistance, and anticipated receiving a commission for this service.

Experience

The source of ACODIHUE's loan resources is a trust fund established by the European Union at the conclusion of its ALA Project, which supported the creation of the Association in the mid-1990s. The trust agreement lapsed in 2000, and legally the resources in this agreement now belong to the Government of Guatemala. However, the European Union appears to still be in a position to influence continued support for ACODIHUE through the trust agreement.

The coffee crisis in 2001 and 2002 seriously undermined ACODIHUE. An estimated 55% of the Association's Q10,905,000 loan portfolio is delinquent, and a substantial portion of this is probably not recoverable. The delinquency is concentrated in three of ACODIHUE's 14

members, but under the terms of the EU trust agreement none of the member associations has access to credit under the current delinquency conditions. Without access to these resources, ACODIHUE's operations have basically ceased, and it is now incurring serious operating losses, in addition to the anticipated losses due to unrecoverable loans. UEPSAT staff has therefore had to dedicate its time attempting to recover outstanding loans, rather than promoting new production and marketing activities. In addition, it appears that the level of staff and operating costs of ACODIHUE is much larger than its prospective income for the foreseeable future.

Others have indicated that the non-payment of loans by specific ACODIHUE member organizations is not due to low coffee prices, but instead to a rumor that circulated among members indicating that the loan funds came from a donation by an international organization and therefore the members should not be asked to repay.

It is clear that under the present circumstances UEPSAT is not generating income for ACODIHUE that will offset its costs when the AGIL program ends.

Assistance required to assure sustainability

There are two options to pursue the sustainability of UEPSAT services. The first (Plan A) is to undertake a complete financial restructuring of ACODIHUE. This would require an appraisal of its assets, including its loan portfolio, to determine what portion of the assets should be written off, followed by an attempt to negotiate a corresponding rescheduling or write down of liabilities. If this can be achieved, a reasonable assessment can then be made of potential future income, and the staff, working capital, and operating expenditures necessary to generate this income, including the status of the UEPSAT office. The European Union is currently negotiating a modification of the trust agreement as part of its project closeout responsibilities, and has indicated agreement to consider possible further modification to the agreement based on the assessment described above.

It is unlikely that the ACODIHUE management can produce the financial assessment and organizational reengineering plans that would be required to support a restructuring of the institution. AGIL or another donor should therefore consider provision of financial restructuring technical assistance to complete this task, as long as the ACODIHUE management agrees to cooperate with the advisor and implement his or her recommendations once they have been endorsed by the supporting international development organizations. Finally, once these analyses have been completed, a future source of financial and technical support for ACODIHUE must be identified, as the AGIL program will end before the restructuring task has been completed. One possible source of support is a new EU project to provide support to ACODIHUE (as well as another Huehuetenango NGO) that is currently undergoing final approval.

The second approach (Plan B) is to assume that the ACODIHUE losses are sufficiently large to preclude any attempt at financial restructuring. However, it may still be possible to pursue the sustainability of the non-financial technical services supported through AGIL. One possible course of action would be to assess whether the UEPSAT staff, or key elements of this staff, could be absorbed by ACODIHUE member ADICBA, and adequate income generation activities established in this base level association to recover the costs of these services. Also, another

NGO (ASOBAGRI) is active in the Barillas area, and it may be possible to combine ADICBA with this organization and at the same time further strengthen the technical services of the combined organizations. This would improve the sustainability of the services.

Level of effort and funding required

Under Plan A, it will be necessary to contract the services of a senior Guatemalan financial analyst who will serve as the advisor to ACODIHUE for an estimated two month period in order to plan and initiate the financial restructuring outlined above. The estimated cost of this assistance is \$13,200 for consulting fees (assuming \$300/day), plus \$7500 for per diem and \$3,000 for car rental (unless the advisor can be recruited from within Huehuetenango).

Supervision of this assistance will require an estimated four person-weeks of in-house staff time.

To implement Plan B, it will either be necessary to contract a senior Guatemalan rural organization development specialist, or assign an AGIL technical advisor, to meet with ADICBA and possibly ASOBAGRI leaders in order to assess whether they would be interested in assuming the service responsibilities of UEPSAT, and to analyze the potential for generation of sufficient income to recover the costs of some or all of these services. It would also be necessary to assess whether one of these organizations could have access to the required financial resources to implement activities in the absence of an ACODIHUE structure. Further, it would be necessary to assess what training should be provided to organization leaders in order to facilitate this organizational transition. Finally, as the implementation of this option would extend beyond the end of the AGIL program, a source of future financial and technical support for this initiative would be needed. It is not possible to make an accurate estimate of the level of effort and costs of this option until at least initial contacts have been made with ADICBA and/or ASOBAGRI, but it is likely that the LOE and costs will be similar to those of Plan A.

2. ASOCUCH

Summary grant description

ASOCUCH is a second level organization representing 19 member organizations in the Cuchumatanes region of Huehuetenango. Members include associations, cooperatives, and community organizations. ASOCUCH receives support from FIDA and the Government of Holland through the Proyecto de la Sierra de los Cuchumatanes (PCUCH), which will continue for two more years. ASOCUCH's bylaws indicate that it is primarily a representative rather than a service organization, and the Association has a very small staff. Assistance to the member organizations is provided directly by PCUCH, in coordination with but not through ASOCUCH.

ASOCUCH requested an AGIL grant in order to support non-financial technical services in the municipality of San Mateo Ixtatan. Assistance is being provided in nine communities to raise incomes from production of seed potatoes, animal husbandry (sheep), organic coffee, and vegetables for local markets. ASOCUCH is also assisting the creation of a new cooperative that is to take over the management of the activity once it has been established, and the training of local farmers to become volunteer agricultural promoters and eventually agricultural extension

agents who will work for the cooperative and replace the technicians contracted with AGIL funds.

Sustainability strategy

The ASOCUCH proposal did not identify a clear sustainability strategy, although one has since evolved. Of the municipalities targeted for AGIL assistance, San Mateo was considered to have the least favorable conditions for stimulating local income generating activities. Much of the mountainous terrain should be in forests rather than used for agriculture, and 75% of the population is illiterate. The ASOCUCH proposal represented the only viable option to initiate activities in this target municipality, and was therefore accepted despite lack of a clear sustainability strategy.

The four income generating activities provide an economic basis for sustainability of technical services in San Mateo, and the submission of a proposal to INACOOOP to legalize a producer cooperative and the development of local technicians will create a permanent structure that can offer future technical services on a sustainable basis in the future. The intention is that this new cooperative would become the 20th member of ASOCUCH once legalized.

Experience

Although a viable strategy is now in place to assure sustainable provision of the technical services AGIL is supporting in San Mateo, too little time is available under the AGIL project to complete this task. An application to establish a producer cooperative was submitted to INACOOOP in August 2002, but bureaucratic processes have slowed approval. Training of local farmers to become agricultural promoters and eventually extension agents also requires time. ASOCUCH has submitted a proposal to FONAGRO for continued financial support after completion of the AGIL grant to continue these activities.

The sustainability of ASOCUCH is a separate question. The salaries of the core staff and operating costs of the Association are currently paid by the PCUCH sponsors. ASOCUCH has developed a communal bank lending program as a mechanism to generate an income to cover core costs once the PCUCH support ends. However, management of such a program is not specifically contemplated in the Association's by-laws, and a financial projection has not been prepared that would demonstrate whether this activity will generate sufficient income to cover costs. ASOCUCH has requested AGIL assistance with preparation of a strategic plan that would assist its Board of Directors and member organizations to focus their attention on what type of an organization ASOCUCH should be in the future, and how it should be supported.

Assistance required to assure sustainability

In order to assure sustainability of activities initiated with AGIL support in San Mateo, AGIL staff should: 1) Contact INACOOOP in order to support timely approval of the application for legal recognition of the producer cooperative in San Mateo; 2) assist the leaders and technicians promoting creation of the cooperative to develop a business plan that demonstrates the long-term

sustainability of the cooperative; and 3) contact FONAGRO in order to support timely approval of the application for financial support for this effort upon completion of the AGIL grant.

Whether AGIL should also provide assistance in assuring the sustainability of ASOCUCH is a separate question. It can be argued that the sustainability of the San Mateo cooperative (the prime concern of AGIL) is only indirectly dependent on the sustainability of ASOCUCH, and AGIL lacks the time and financial resources necessary to implement the type of program that would be required to assure ASOCUCH's long term viability. However, given AGIL's objective of increasing access to rural service providers, ASOCUCH's sustainability is clearly important. ASOCUCH has requested AGIL assistance with development of its strategic plan, and it is recommended that the project comply with this request. Considering AGIL's very limited resources to support implementation of such a plan, it is strongly recommended that AGIL provide its assistance in the development of this plan jointly with staff from PCUCH, since the plan may directly affect the nature of the assistance from this project in the future. Also, it is essential that the strategic plan include detailed financial projections that assist the ASOCUCH leaders to understand clearly the financial implications of the strategic choices they are making.

Level of effort and funding required

Development of a basic business plan for the new cooperative in San Mateo could take approximately one week of assistance from an AGIL staff person. Assistance to ASOCUCH in development of its strategic plan could require approximately two person weeks of assistance. Assistance in contacting and supporting approval of pending requests to INACOP and FONAGRO will require an undetermined number of person days of AGIL staff.

3. FUDEMI/Talita Kumi

Summary grant description

FUDEMI, also known as Talita Kumi, is a Guatemalan NGO based in Carchá, Alta Verapaz. It has received an AGIL grant to provide training, technical assistance, marketing advice, and organizational assistance to producer groups that also receive loans from FUDEMI. The technical services are to be provided by volunteer promoters, who will receive training and support from FUDEMI. The principal economic activities supported are coffee and cardamom.

Sustainability strategy

The sustainability strategy contemplated a charge for technical services equal to 5% of the loan provided to assisted groups, in addition to a 2% interest rate differential to support Talita Kumi costs.

Experience

A visit to FUDEMI with the specific objective of reviewing the sustainability of the activity has not been carried out, but information is available from program monitoring by AGIL staff. The sustainability strategy is not proving successful, primarily because the services provided by the

volunteer promoters have been undependable and of low quality. In addition, FUDEMI has discontinued charging the 2% interest rate differential that was originally contemplated. FUDEMI has decided to modify its implementation strategy and provide partial compensation to the promoters, in order to improve the quality and reliability of the services provided. However, detailed financial projections that demonstrate that the program is financially viable and sustainable need to be prepared.

An additional issue concerning the potential sustainability of the FUDEMI technical resources is a decision to merge its credit program with four lending programs sponsored by Catholic Relief Services in four Parochias of rural Guatemala. A new NGO will be established to absorb these programs into a single, nation-wide organization that will directly provide loans through branch offices, rather than as a second tier organization working through the existing base level NGOs. It is unclear whether FUDEMI will be able to continue to charge a 5% fee for technical services if it no longer manages the lending program.

Assistance required to assure sustainability

The AGIL technical advisors need to review the sustainability of the technical services support provided by FUDEMI under the AGIL grant, and perhaps assist them with preparation of a basic business plan. AGIL staff should also review with FUDEMI the implications of the proposed transfer of its lending program into a new organization on the sustainability of its technical services.

Level of effort and funding required

Approximately two person-weeks of assistance are needed to carry out reviews proposed above.

4. Centro Maya

Summary grant description

The Asociación Centro Maya is a Guatemalan NGO based in Santa Elena, Peten. It implements donor funded programs in forestry, agriculture and livestock production and marketing and business development in 24 communities in three municipalities of the northern Peten region. The AGIL grant supports provision of technical services to groups of agricultural producers in the La Libertad municipality targeted by the project. The agricultural activities supported are production and marketing of sesame seed and peanuts, although other crops and economic activities may also receive assistance.

Sustainability strategy

The sustainability of the Centro Maya technical services is to be achieved through a direct charge to producers of a set fee per unit of production marketed with Centro Maya assistance. The original proposal contained a sustainability strategy that estimated the number of groups and of individual farmers to be assisted, volume of production to be promoted, fees for marketing assistance to be charged, and costs to be recovered.

Experience

Unfortunately, instead of following the planned sustainability strategy, in early 2002 Centro Maya decided to procure directly the sesame and peanut production, and then market the produce at a profit. However, the world market price of sesame seeds dropped considerably before Centro Maya sold the product, resulting in a substantial operating loss. Reportedly, Centro Maya has absorbed this loss against its accumulated capital, but this does not appear in the financial reports for the year ending June 30, 2002, nor does an inventory of unsold product.

Centro Maya would like to establish a credit program that would provide an advance to producers against the value of their anticipated production to cover harvest costs and liquidity until the product is actually sold. Centro Maya would then receive the produce on consignment, and once it was sold the producers would receive a payment based on the volume sold and the sale price, less Centro Maya's marketing commission and the pending advance. AGIL technicians do not believe that Centro Maya has the technical capability to manage such a program at this time.

AGIL provided an additional grant to Centro Maya in 2003 in order to assist them to implement the program as originally designed and recover from the negative experience in 2002.

Assistance required to assure sustainability

AGIL staff needs to review with Centro Maya the original financial plan upon which sustainability projections were based, and develop a basic business plan that demonstrates that the costs of the technical services provided will be offset by anticipated income. In addition, AGIL and Centro Maya need to analyze the operating capital required to manage this activity after the end of the AGIL grant and determine whether the Association will have the cash flow required for the program. If not, they should jointly explore sources of potential additional support post-AGIL.

Level of effort and funding required

It is estimated that approximately two person-weeks of technical assistance is needed to complete the required analyses. Additional time of AGIL staff will be required if it is determined that additional financial support from another source is required, and if the business plan supports establishing a credit program.

5. CIF

Summary grant description

CIF is a Guatemalan NGO based in Rabinal, Baja Verapaz, since 1971. It provides technical assistance and training services in community organization, agricultural and livestock production, health, education, and development programs for women. It also manages a credit program associated with its technical assistance and training activities.

AGIL provided a grant to CIF in 2002 to help strengthen its offices in Rabinal, and to provide community organization and technical agricultural assistance. CIF is to organize 22 producer groups with about 25 members each; promote creation of a second tier organization that would represent and provide services to these groups, and support the production and marketing of agricultural crops with high potential for the zone. The crops being supported are coffee, grenadilla, cashew nuts, jícama, macadamia, and vegetables.

Sustainability strategy

The initial sustainability strategy was not well developed, and relied primarily on the interest differential for the credit program to cover technical assistance costs.

Experience

AGIL program assistance initially worked with CIF to identify viable agricultural products worthy of support under the one year program, and only recently began assisting with service delivery.

The credit program is relatively small (Q550,000), and 58% of the loans are delinquent. The loans were made to informal groups and there is probably little chance that these resources will be recovered. CIF also explored requiring a direct payment from the producers for the technical assistance services provided, but the producers are too accustomed to receiving these services at no charge and have not agreed with this procedure.

CIF has now adopted a strategy to provide assistance in the marketing of the products it is promoting and receive a set fee per unit of produce marketed. This appears to be a viable strategy since the AGIL project has helped CIF to identify viable agricultural activities. However, there is not enough time left under the grant program to consolidate this strategy and achieve sustainability.

CIF is a large NGO that implements a wide-range of development activities with assistance from a number of donor organizations. It is important to be clear that the concern of the AGIL project is with sustainability of the technical services it is supporting, and not of CIF itself. The grant does contemplate the formation of two second level associations of the producer groups assisted in the region, and at some point the provision of the technical services may pass to these organizations. This is not contemplated in the present grant, however.

Assistance required to assure sustainability

As noted, CIF appears at last to have a viable sustainability strategy, but assistance is needed in the development of a basic business plan that can demonstrate what volume of produce and what size of marketing commissions are required to recover fully the program costs. Once a viable business plan has been developed that demonstrates at what point the program will be fully sustainable, assistance may be needed in identifying sources of additional financial support for the period after the AGIL grant ends and sustainability is reached.

Level of effort and funding required

Approximately two person weeks of assistance is needed to develop the basic business plan. Additional AGIL staff support may be required to help identify an additional source of financial support to assist CIF to reach full sustainability.

6. IEPADES

Summary grant description

IEPADES is a Guatemalan NGO established in 1990, and legally recognized in 1996. It carries out a diverse set of development activities ranging from studies of arms control and the role of women in the police and armed forces to the implementation of development projects. The 2002 AGIL grant, which has been extended and increased in 2003, responded to a request from IEPADES for assistance to establish and strengthen an office in the municipality of Chisec, in order to provide technical services to improve production and marketing of profitable crops, to strengthen producer organizations, and to provide production credit. The economic activities to be assisted are cardamom production, and animal husbandry (beef cattle and hogs). IEPADES manages a number of credit funds, but the only one managed through the Chisec office is a trust fund provided by BANRURAL. As of February 28, 2003, a total of Q625,000 in loans had been disbursed. There is very little delinquency in payments, but the loans were made recently and it is not clear how many payments have come due.

Sustainability strategy

The proposal indicated that the services to be offered would be sustainable based on fees to be charged for training and technical assistance activities, marketing services, and the interest differential on loans. The proposal included financial projections indicating that the Chisec office would be self-sustaining by its second year of operation, but little detail was provided to substantiate these projections. Loans are made to producer groups at 28% interest, and IEPADES is required to pay 14% interest on these funds, which is a healthy margin for IEPADES. At one point, 3% of the interest margin was to be returned to the participating community, but it appears that this policy has been discontinued and IEPADES earns the entire interest differential.

Experience

As noted above, too little time has passed to make a fair assessment of whether the projected sources of income will be sufficient to recover the costs incurred in providing the technical services. Unfortunately, the IEPADES progress report does not comment on the degree of sustainability achieved, although it does indicate that they have had a positive response from the communities assisted concerning recognition of the need to pay for technical services. AGIL technical staff indicate that the level of technical resources hired by IEPADES is very low, which is understandable given the low salary levels (Q500 per month or less).

Assistance required to assure sustainability

AGIL should assist IEPADES to review its original financial projections and develop a basic business plan that will indicate the anticipated level of services to be provided, the margins to be charged for these services, and the costs to be incurred in providing them, so that a clearer sustainability analysis can be completed.

Clearly, what is of interest is the sustainability of the Chisec technical service office. IEPADES itself carries out a wide range of other development and academic investigation activities, to the extent that donor assistance is available. IEPADES' overall sustainability is not of direct concern to AGIL, as it is assumed that if the Chisec office is sustainable, then mechanisms could be found to continue its activity even if the sponsoring organization endured financial difficulties.

Level of effort and funding required

Approximately two person-weeks of assistance would be required to provide the assistance recommended above.

7. Other observations

This document focuses on the non-financial technical service providers, and other organizations were not specifically visited during this analysis. However, some comments are appropriate concerning the two financial service providers that are currently being assisted by AGIL, MUDE and CESIDE. As noted at the beginning, sustainability of financial service organizations is an easier analytical task, i.e. an assessment of whether the interest rate differential, less lending costs and allowance for unrecoverable loans, is positive. Based on interviews with AGIL staff, it appears that both MUDE and CESIDE are successfully implementing their grants, and have improved operating efficiency and discipline. The only assistance that might still be needed by these organizations is assistance in obtaining access to additional loan resources in order to achieve greater economies of scale. It should be noted, however, that CESIDE also provides a number of non-financial technical services, and it would be useful to apply the sustainability analysis being carried out for the other AGILITOS to this organization. Also, CESIDE has primarily received assistance only from the AGIL financial services advisors, and it may be useful for the agricultural technical service advisors to review its activities.

Secondly, this document targets the AGILITOS that are still implementing AGIL grants. Other organizations have received grants in the past and are not mentioned here. As the AGIL team closes out these grants (ACT, FAFIDESS, ADISA, COOSANJER, IIDEMAYA, and PETENLAC), it will be important to assess the sustainability of the services established.

Summary of assistance requirements

The chart on the following page provides a summary of the AGIL assistance requirements described in this document.

AGILITO Sustainability Assistance Requirements

AGILITO	Task	In-house Resources		External Resources	
		Time	Support Costs	Time	Costs (\$US)
ACODIHUE	Restructure ACODIHUE finances	4 person weeks	Travel and per diem	2 person months	\$13,200 to \$23,700
ASOCUCH	1. Coop business plan and ASOCUCH strategic plan	3 person weeks	“	None	None
	2. Contact with FONAGRO and INACOO	3 person days	None	None	None
FUDEMI	Review and revise sustainability plan	2 person weeks	Travel and per diem	None	None
Centro Maya	Develop simple business plan	2 person weeks	Travel and per diem	None	None
CIF	Develop simple business plan	2 person weeks	Travel and per diem	None	None
IEPADES	Develop simple business plan	2 person weeks	Travel and per diem	None	None
MUDE	Assist in locating source of additional loan resources	3 person days	None	None	None
CESIDE	1. Develop simple business plan	1 person week	Travel and per diem	None	None
	2. Review non-financial service activities by AGIL technical staff	1 person week	Travel and per diem	None	None
Former AGIL grant recipients	Review service sustainability as part of close out	Unknown	Unknown	None	None